

Japanese Stainless and Tool Steel Products Exclusion Request

Product Category: Stainless Steel Wire (#28)

(a)	Product Designation/HTS	<u>Nickel-coated Stainless Steel Wire</u> 7223.00.10.15, 7223.00.10.30, 7223.00.10.45, 7223.00.10.60
(b)	Product Description	Nickel Coated Stainless Steel Wire with the following chemical composition: Type 302; C (max 0.12%), Si (max 1.00%), Mn (max 2.00%), P (max 0.045%) Cr (17.0-19.0%), Ni (8.0-9.5%) Type 631(17-7 PH); C (0.51-0.59%), Si (1.40-1.60%), Mn (0.40-0.60%), P (max 0.015%) S (max 0.015%), Cr (0.50-0.60%), V (0.15-0.25%) And the following mechanical properties: diameter (0.15-4.50 mm or 0.006-0.177"); diameter tolerance and out of round (0.003-0.06 mm or 0.00012-0.0024"); tensile strength (1365-2450 N/mm ² or 198-355 ksi)
(c)	Basis for Exclusion	See text below
(d)	Names and Location of U.S. and Foreign Producers	See Attachment A
(e)	U.S. Consumption	See Attachment B
(f)	U.S. Production	See Attachment B
(g)	Substitutable Products	See Attachment C

Attorney Contact: Matthew R. Nicely (202-429-4705, mnicely@willkie.com) or
Julia K. Eppard (202-429-4709, jeppard@willkie.com)
Willkie Farr & Gallagher

Currently there is one U.S. mill making nickel-coated stainless steel wire. Sumiden Wire Products ("SWPC") of Dickson, Tennessee, owns the patent for nickel-coating and no other U.S. company is licensed to use this specialized process. Only three Japanese producers, including SKK, are licensed to make nickel-coated stainless steel wire. If imports were restricted as a result of this investigation, the Commission would effectively give SWPC a U.S. monopoly over this niche market. That could not have been the intent of the safeguards law. Fundamentally, the law was intended to improve, not restrict competition.

Ralph Furlong, President of Industrial Steel & Wire, confirmed that there is only one domestic source of this nickel-coated wire.¹ According to Mr. Furlong, SKK produces a higher quality product and customers specify SKK's product when they order. Unlike the U.S. product, SKK's wire has a consistent diameter, roundness, tensile strength, and other key characteristics. The wire is used in the production of mechanical springs for high quality electronic equipment and other specialty end uses that require parts to be corrosion resistant. Industrial Steel & Wire's customers demand uniform wire to produce uniform springs. Indeed, ISO and QS regulations effectively equate quality with uniformity.

In addition, the nickel coating further differentiates this specialty stainless steel wire product. According to Mr. Furlong, most U.S. stainless steel wire is lubricated with soap to facilitate drawing. Nickel is a more effective lubricant, preventing "galling" or the forming of microstructures on the surface of the steel during drawing. Such surface defects could scratch the surface of the spring, thereby degrading the quality of the spring. Suzuki's product therefore is superior to most U.S. stainless wire products.

It would be unfair to U.S. purchasers to restrict access to imported nickel-coated stainless steel wire. There is only one U.S. source of this specialty product and it is unable to supply the quality product that customers require. The USTR should exclude this product from any 201 remedy that could result from this investigation.

¹ See Affidavit of Ralph Furlong, Industrial Steel & Wire (**Attachment D**).

Attachment A

Foreign Producers

- (1) Suzuki Metal Industry Co., Ltd.
- Address: Daiichi Tekko Bldg., 1-8-2 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan
 - Phone: 011-81-3-3214-4114
 - Fax: 011-81-3-5222-7465

Domestic Producers

- (1) Sumiden Wire Products, Dickson, TN

STAINLESS WIRE

Nickel Coated Stainless Wire

Quantity						January - June		Projections				
Company	1996	1997	1998	1999	2000	YTD 2000	YTD 2001	2001	2002	2003	2004	2005
Suzuki Metal	[0	0	0	0	0	0	0	0	0	0	0	0]
Total	[0	0	0	0	0	0	0	0	0	0	0	0]

Value						January - June		Projections				
Company	1996	1997	1998	1999	2000	YTD 2000	YTD 2001	2001	2002	2003	2004	2005
Suzuki Metal	[3,731,366	3,456,226	2,672,965	1,666,871	3,418,267	1,605,754	1,209,406	2,978,027	3,261,958	2,978,027	3,261,958	2,978,027]
Total	[3,731,366	3,456,226	2,672,965	1,666,871	3,418,267	1,605,754	1,209,406	2,978,027	3,261,958	2,978,027	3,261,958	2,978,027]

Unit Price	[4,903	4,553	4,790	5,030	4,835	4,709	5,472	4,834	4,834	5,295	4,834	4,834]
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U.S. Production	[unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknown]
Imports from Other Countries*	[unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknown]
Total U.S. Consumption	[unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknown]

* Other known foreign sources include Korea

Attachment C

Known Substitutable Products: None

U.S. Production: None

U.S. Producers: None

PUBLIC VERSION

**AFFIDAVIT OF
RALPH FURLONG
INDUSTRIAL STEEL AND WIRE**

I, Ralph Furlong, declare and state to the best of my knowledge, information, and belief, that:

1. I am President of Industrial Steel and Wire, a U.S. distributor of high quality spring wire for the manufacture of mechanical springs for a wide range of end-uses, such as electronic equipment and food processing. Our customers have come to rely on our high quality wire. Indeed, when they order, they request music wire (also known as piano wire) and nickel-coated stainless wire from Suzuki of Japan. There simply is no U.S. producer that can produce a wire product as well as Suzuki.
2. For music wire, the following characteristics determine the quality: diameter, roundness, tensile strength, coating, and "pitch and cast" (i.e., if you cut the wire, it will form a circle). Each of these characteristics must be consistent along the wire. Otherwise the spring we produce would not be uniform and substandard. Indeed, ISO and QS quality regulations effectively equate uniformity with quality. Suzuki's music wire is the most consistent wire available.
3. The same is true for nickel-coated stainless wire, which is used for applications that require corrosion resistance – such as food processing and aerosol cans. Most stainless steel wire is lubricated with soap to facilitate drawing. Suzuki's nickel coating is more effective than such coatings. The nickel prevents "galling" or the forming of microwelds on the surface of the steel during drawing. Such microwelds can damage the spring by scratching grooves into the surface, thereby degrading the quality of the spring. Only Suzuki offers nickel-coated stainless wire with this quality.
4. The Commission should agree that a U.S. industry, which does not produce a specialty product, cannot be injured by imports. We depend on purchasing high quality music wire and nickel-coated stainless wire from Japan. It would be unfair to increase my company's costs and disrupt our supply of necessary raw materials. I respectfully request the Commission to determine that these wire products from Japan do not injure the U.S. wire producers.

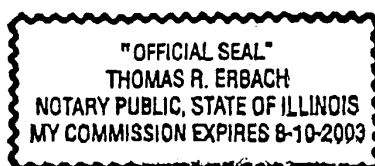
Ralph D Furlong
Ralph Furlong

Dated: Sept 7, 2001

Subscribed and sworn to, before me this 7th day of September, 2001.

Thomas R. Erbach
Notary Public

My commission expires:



PUBLIC VERSION